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SUBJECT: DRC JANUARY 2007 MONTHLY ECONOMIC REVIEW

REF: KINSHASA 76

¶11. (U) Summary.

- The IMF may visit the DRC in February for an informal review of the Staff Monitored Program.
- The GDRC has not yet drafted a 2007 budget.
- Strikes and threatened work stoppages continue to increase.
- The outgoing head of DRC's gold mining parastatal, OKIMO, has announced plans to offer public shares of the company.
- DRC has raised passenger fees for both domestic and international flights.
- January consumer prices increased, and the Congolese franc (CF) depreciated against the USD. End summary.

Aviation

¶12. (U) Following discussion with IATA (International Air Transport Association), the DRC's airport authority (RVA) has raised embarkation fees for domestic flights from USD six to USD 15, and for international flights from USD 20 to USD 25.

¶14. (U) The RVA's CEO says USD 120 million is needed to modernize airport infrastructure and equipment for twenty DRC airports over a five-year period and that the embarkation fees will help fund these projects.

Finance

¶15. (U) An IMF team from Washington is tentatively planning to visit the DRC in mid-February for technical consultations and an informal review of the GDRC's Staff Monitored Program. However, confirmation of the visit is contingent upon the timing of the confirmation and installation of the new government.

¶16. (U) The GDRC has not yet drafted a new 2007 budget, and is not expected to do so before March 2007. In the interim, the GDRC is operating at 2006 budgetary levels via a provisional credit arrangement approved by President Kibila. The DRC's budget is on a calendar-year basis.

¶17. (SBU) The package of benefits a November 13, 2006 presidential decree accords to the Transitional Vice Presidents and their families will cost the GDRC USD three to four million (reftel). The decree was made public in January.

Labor

¶18. (U) The number of threatened and wildcat strikes, primarily over salary arrears, continues to increase. Teachers in Western Kasai province and employees of OCPT (the DRC post and telecommunication parastatal) went on strike, while employees of the DRC's port and water authorities (respectively ONATRA and REGIDESO) are threatening to strike. Further, taxi and bus drivers in Eastern Kasai staged a one-day strike to protest harassment by traffic police and Ministry of Transport controls, while those in Kinshasa regularly threaten to strike for the same reasons.

¶19. (U) According to the DRC Ministry of Labor's National Employment Office (ONEM) and registration statistics from the DRC's social security service, one million persons work in the formal labor sector, including 600,000 in the public sector, and 400,000 in the private sector. (Comment: Post believes this figure may be high. End comment.)

Mining

¶10. (U) The Lubumbashi, Katanga trial stemming from the October 2004 Kilwa incident (septel) is still in preliminary proceedings. Several FARDC soldiers and three expatriates are accused of participating in or providing logistical support used in the killing of an estimated 100 villagers. All three civilian defendants were employees of Anvil Mining at the time of the incident.

¶11. (U) The World Bank announced the launch of a three-month review of the mining sector to help determine World Bank funding

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priorities. It has begun consulting with bilateral and multilateral missions, the GDRC, parastatals and the private sector.

¶12. (U) The CEO of OKIMO, DRC's gold mining parastatal, has announced his plans to list the company on the London Alternative Investment Market in 2007.

Consumer Inflation Rate

¶13. (U) Post's market-basket survey indicates a 3.8 percent January consumer inflation rate against December 2006 prices, driven by increases in the cost of transport and seasonal shortages, hence price rises, of basics such as manioc and maize.

Exchange Rate

¶14. (U) The Congolese franc (CF) depreciated by about 7.5 percent against the USD in January, according to the Congolese Central Bank's official exchange rate.

Week ending 1/7 1/14 1/21 1/28

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|---------------------|-----|-----|-----|-----|
| Central Bank Rates: | 507 | 528 | 532 | 539 |
| Parallel Rates | | | | |
| Kinshasa | 520 | 535 | 540 | 540 |
| Lubumbashi | 525 | 530 | 530 | 530 |
| Mbuji-Mayi | 525 | 530 | 530 | 530 |
| Bukavu/Goma | 530 | 535 | 530 | 535 |
| Kisangani | 520 | 535 | 530 | 530 |
| Matadi/Boma | 530 | 530 | 540 | 535 |

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